



# Community Developments

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Comptroller of the Currency  
Administrator of National Banks

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## **Ocean National Bank Community Development Invests in Venture Capital Fund**

The members of the board of Ocean National Bank (ONB) of Kennebunk, ME, a small, rural bank want to make a financial return on its investments. In addition, they also want these investments to have a social return or a public welfare purpose. Thus, the members were pleased when, in 1996, they had an opportunity to join with others in making an equity investment in a socially responsible community development corporation in Maine.

Coastal Enterprises, Inc. (CEI) is a nonprofit company that was formed in 1977 to mobilize capital, and to invest in job-generating, small businesses located throughout the state. The ONB managers felt that CEI's goals were aligned to both its financial interests and community development strategy. CEI also addressed an important small-business finance need in the communities the bank serves. In addition, an established relationship already existed between the bank and CEI through its traditional lending products, and the idea of sharing an investment risk with other financial institution partners was well received.

To expand CEI's public welfare purpose, the board of directors formed a wholly owned subsidiary called CEI Ventures, Inc (the fund). This subsidiary, in turn, formed Coastal Ventures Limited Partnership (CVLP), which raised venture capital for growing Maine companies that can generate above-average equity returns over a five-to-seven-year time horizon. The fund has three key goals – creating job opportunities for low-income people; supporting socially beneficial products and services in such industries as health care and the environment; and promoting progressive management practices such as employee ownership, employee incentives, and recycling. In addition to venture capital funding, CEI provides small businesses with technical assistance services, such as management assistance, strategic planning, and introductions to service providers in the local and national business communities.

The bank invested in CVLP through the OCC's community development investment authority, under 12 CFR 24. CVLP met the requirements of a qualified public welfare investment because it provided financing and technical assistance to local small businesses that create permanent jobs for low- and moderate-income people. The CEI's goals and services gave the bank the assurance that the investment would be carefully nurtured.

During the four years of the bank's investment, CVLP has financed 17 businesses; generated 340 permanent jobs; and declared dividends from its venture capital investments.

Low-income people hold almost 40 percent of the jobs that have been created. The CEI board members are so pleased with these results that they are planning a second fund to reach more Maine small businesses.